



**SOUTH
CAROLINA
PORTS**

ANNUAL REPORT 2019



Photograph by Jason Ogden

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Photograph by English Purcell

JIM NEWSOME

SCPA PRESIDENT AND CEO

South Carolina Ports Authority's future is bright during this time of historic growth and investment in infrastructure.

SCPA saw approximately 9% cargo growth in fiscal year 2019, handling a record 2.4 million twenty-foot equivalent container units (TEUs) and 195,000 vehicles. Inland Port Greer reported its busiest fiscal year yet with 143,000 rail moves, and Inland Port Dillon had a successful first year with 30,000 rail moves. Fiscal year 2020 is off to a strong start with record container volumes and rail moves.

This unprecedented growth enables us to further progress important infrastructure projects, equipping the Port to efficiently handle bigger ships and cargo volumes for decades to come.

We remain focused on modernizing Wando Welch Terminal in Mount Pleasant, building Hugh K. Leatherman Sr. Terminal in North Charleston and deepening Charleston Harbor to 52 feet.

The Wando terminal will have 15 155-foot-tall ship-to-shore cranes and the ability to handle three 14,000-TEU ships simultaneously by 2021. Site work for the future Leatherman terminal continues with the first phase set to open in spring of 2021.

The Charleston Harbor Deepening Project was included in the president's 2019 budget with a \$138 million allocation – a significant milestone. The entrance channel dredging work is underway, followed by dredging from the lower harbor up to the Wando terminal, and then to the Leatherman terminal. By 2021, Charleston

will have the deepest harbor on the East Coast at 52 feet, ensuring the Port remains globally competitive.

SCPA is also increasing retail volumes through distribution centers, intermodal rail and our inland port system to handle growing imports for the Southeast.

Growth at SC Ports boosts SC's economy overall. SCPA makes a \$63.4 billion economic impact annually on the state, according to a new study from the University of South Carolina's Darla Moore School of Business.

As I reflect on the past 10 years leading this organization, I am proud of the work we have accomplished and look forward to what's ahead. The move into our modern headquarters building in Mount Pleasant has further strengthened our workforce, and we earned



recognition as one of the Best Places to Work in South Carolina in 2019. The work we do and the way we do it would truly not be possible without the expertise of our 700-employee workforce and the greater SC maritime community. I am grateful for the hard work and dedication they exhibit every day. We will continue to invest in our people, infrastructure and capacity as we strive to be the preferred option of the top 10 US container ports, further boosting our state's economy as we grow.



BILL STERN

CHAIRMAN, SPCA BOARD OF DIRECTORS

South Carolina Ports Authority's unprecedented growth is a testament to the talented workforce and efficient operations, working alongside the greater maritime community.

SCPA's strong executive management team, committed Board of Directors and talented workforce continue to produce record volumes year-over-year. Over the past decade, the Port has doubled its container volume.

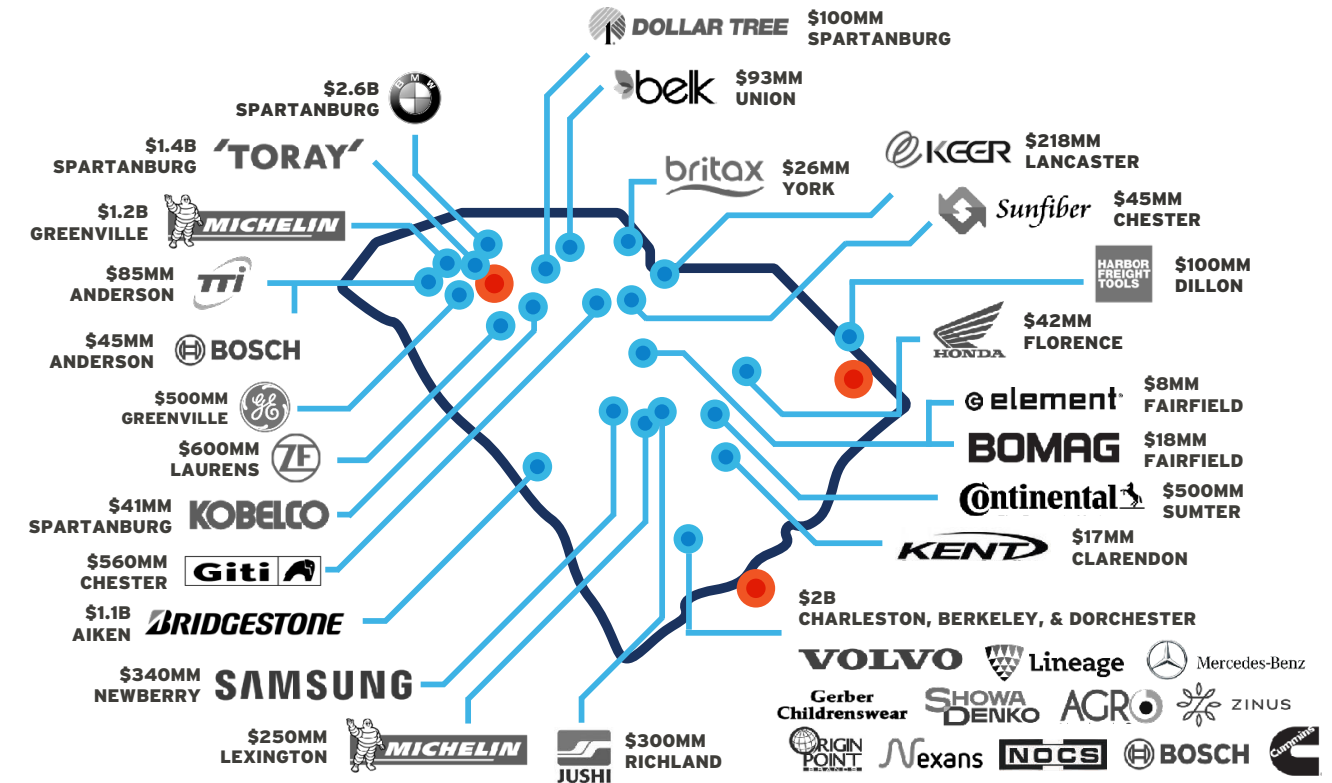
In fiscal year 2019, SCPA moved more containers than ever before and handled record rail moves at two inland ports, located in the Upstate and Pee

Dee regions of South Carolina. The Port modernized its oceanside container terminals with new cranes, technologies and infrastructure to handle the bigger ships being deployed by ocean carriers.

Amid this growth, the ongoing Charleston Harbor Deepening Project remains a crucial initiative as we strive to have the deepest harbor on the East Coast by 2021. The 52-foot-

depth will ensure we remain competitive and ready to handle large container ships without tidal restrictions. It is one of the most significant infrastructure projects in SC history.

Our Port is a tremendous asset for the state – generating \$1 billion in tax revenue annually, as well as creating jobs and recruiting industry. Many of our state's biggest economic development wins would not



have come to fruition without the Port. We are deeply proud of the growth SCPA brings to the state and the impact it makes on South Carolinians.

Since 2001, I have had the great honor of serving on SCPA's Board of Directors. It has been truly remarkable to watch the Port evolve into an agency touted as one of the most efficient ports in

the country and one of the best places to work in the state. Leading the charge has been CEO Jim Newsome, who celebrates 10 years with the Port in 2019.

In the years ahead, we remain focused on pursuing the Port's infrastructure initiatives and making a positive, lasting impact on our state's economy.

LEADERSHIP

SC PORTS BOARD OF DIRECTORS



BILL STERN
Chairman



DAVE POSEK
V. Chairman



KURT GRINDSTAFF
Treasurer



WILLIE "COACH" JEFFRIES
Secretary



WHIT SMITH



PAM LACKEY



WES JONES



KENNY JACKSON



MARK BUYCK

SC PORTS EXECUTIVE TEAM



JIM NEWSOME
President
and CEO



BARBARA MELVIN
Chief
Operating
Officer



PHIL PADGETT
Chief
Financial
Officer



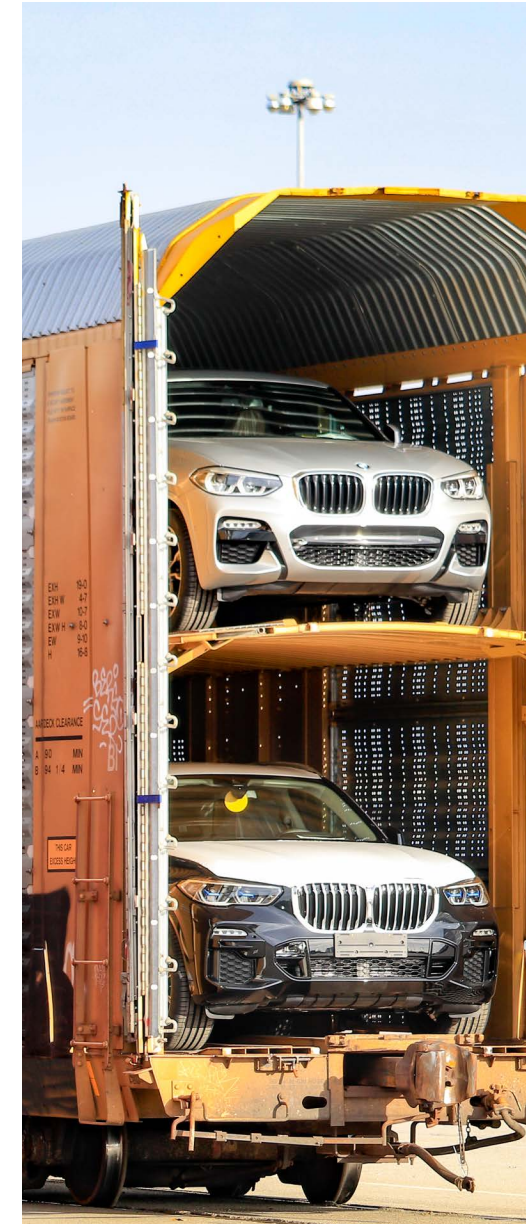
BEVERLY COWART
SVP Talent
Solutions



PAUL MCCLINTOCK
SVP Marketing
and Sales



JORDI YARBOROUGH
SVP External
Affairs



Photograph by English Purcell

FINANCIALS

CONDENSED STATEMENTS OF NET POSITION

June 30, 2019 & 2018 | IN THOUSANDS

ASSETS	FY2019	FY2018
Current	\$ 586,714	\$ 610,497
Non-Current assets and investments	1,423,516	1,222,728
Total Assets	2,010,230	1,833,225
Deferred Outflows of Resources	27,202	25,783
Total Assets and Deferred Outflows of Resources	\$ 2,037,432	\$ 1,859,008
LIABILITIES	FY2019	FY2018
Current	\$ 81,042	\$ 49,485
Long-term debt	1,094,469	990,334
Total Liabilities	1,175,511	1,039,819
Deferred Inflows of Resources	5,420	4,777
Total Liabilities and Deferred Inflows of Resources	\$ 1,180,931	\$ 1,044,596
NET POSITION	FY2019	FY2018
Invested in capital assets, net of debt	\$ 712,008	\$ 611,645
Restricted for debt service, net of debt	34,161	7,344
Unrestricted	110,332	195,423
Total Net Position	856,501	814,412
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 2,037,432	\$ 1,859,008

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

June 30, 2019 & 2018 | IN THOUSANDS

	FY2019	FY2018
Operating revenues	\$ 294,326	\$ 252,013
Operating expenses	252,083	216,247
Operating income	42,243	35,766
Nonoperating (expense) income, net	(2,158)	(10,529)
Excess revenues over expenses before capital contributions	40,085	25,237
Capital contributions and special items	2,004	762
Change in net position	42,089	25,999
BEGINNING OF YEAR	814,412	830,088
Adoption of GASB 68	0	(41,675)
END OF YEAR	\$ 856,501	\$ 814,412

CONDENSED STATEMENTS OF CASH FLOWS

June 30, 2019 & 2018 | IN THOUSANDS

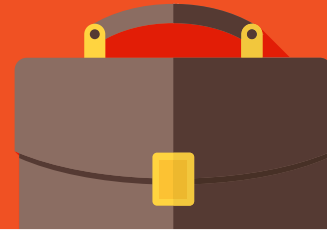
	FY2019	FY2018
Cash flows from operating activities	\$ 90,481	\$ 73,551
Cash flows from investing activities	(5,450)	21,217
Cash flows from noncapital financing activities	(11,805)	(25,811)
Cash flows from capital and related financing activities	(100,655)	60,116
Net change in cash and cash equivalents	(27,429)	129,073
BEGINNING OF YEAR	\$ 544,623	\$ 415,550
END OF YEAR	\$ 517,194	\$ 544,623

ECONOMIC IMPACT

SC Ports drives economic growth in South Carolina, serving as a key competitive advantage for the state.

Port operations support the state's thriving business community and spur economic development by connecting South Carolina to global markets. SC Ports generates 1 in 10 jobs statewide, and port-supported jobs pay 32% higher than the state's average annual wage.

1 IN 10 SC JOBS
CREATED BY SC PORTS



\$63.4B ANNUAL
ECONOMIC IMPACT



\$1.1B ANNUAL
TAX REVENUE GENERATED



	ECONOMIC IMPACT	JOBS	LABOR INCOME	TOTAL IMPACT
LOWCOUNTRY	\$7.8 BILLION	27,781	\$1.5 BILLION	12.3%
MIDLANDS	\$15.5 BILLION	55,346	\$3.1 BILLION	24.6%
PEE DEE	\$7.1 BILLION	25,275	\$1.4 BILLION	11.3%
UPSTATE	\$32.8 BILLION	116,561	\$6.6 BILLION	51.8%
Total	\$63.4 BILLION	224,963	\$12.8 BILLION	100%

Source: 2019 study by the University of South Carolina's Darla Moore School of Business. Numbers are rounded.

COMMUNITY

OUTREACH TO COMMUNITY

SCPA funded \$106,000 to 54 organizations in FY2019:

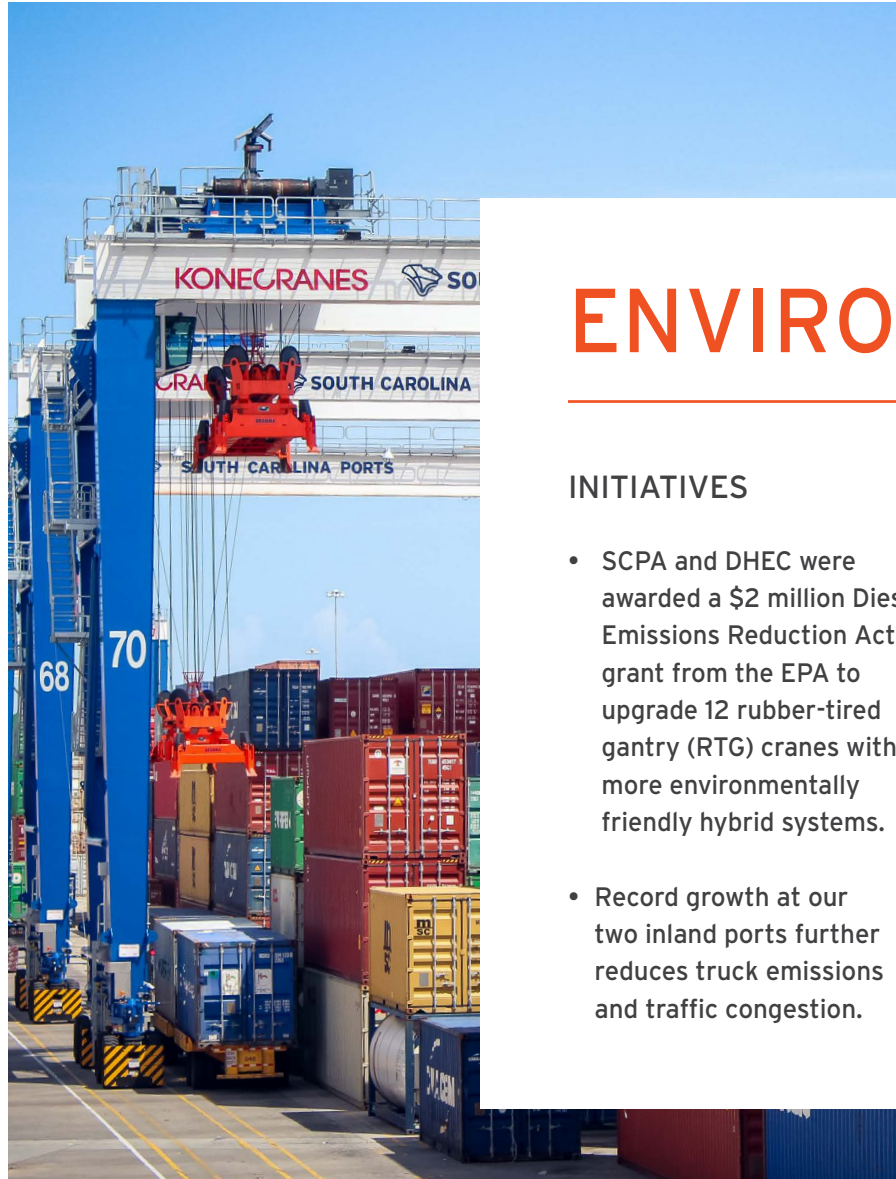
- **70,000+** South Carolina students benefited from Community Giving grants.
- **5,685 people** received meals through hunger-relief programs.
- **5,849 people** received job skills training.
- **200,000+** people were educated about environmental sustainability.
- **100,853 South Carolina students** participated in STEAM (Science, Technology, Engineering, Art, & Math) activities.

"The SC Ports Authority has further established itself as one of our state's premier economic drivers, creating 1 in 10 jobs and \$63.4 billion in economic activity. The Port's unprecedented success and record annual growth supports our efforts to complete the Charleston Harbor Deepening Project, as well as construction on new and existing terminals. These projects will increase capacity and ensure that Charleston has the deepest harbor on the East Coast by 2021."

HENRY MCMASTER
South Carolina Governor



Trident United Way



Photograph by English Purcell

ENVIRONMENTAL

INITIATIVES

- SCPA and DHEC were awarded a \$2 million Diesel Emissions Reduction Act grant from the EPA to upgrade 12 rubber-tired gantry (RTG) cranes with more environmentally friendly hybrid systems.
- Record growth at our two inland ports further reduces truck emissions and traffic congestion.
- SCPA partnered with local agencies to renourish Crab Bank, a critical bird nesting island, within Charleston Harbor.
- SCPA restored 22 acres of land on Drum Island back into its natural state as a salt marsh, supporting important ecosystems and marine life.

BREAKING RECORDS

CONTAINER VOLUME

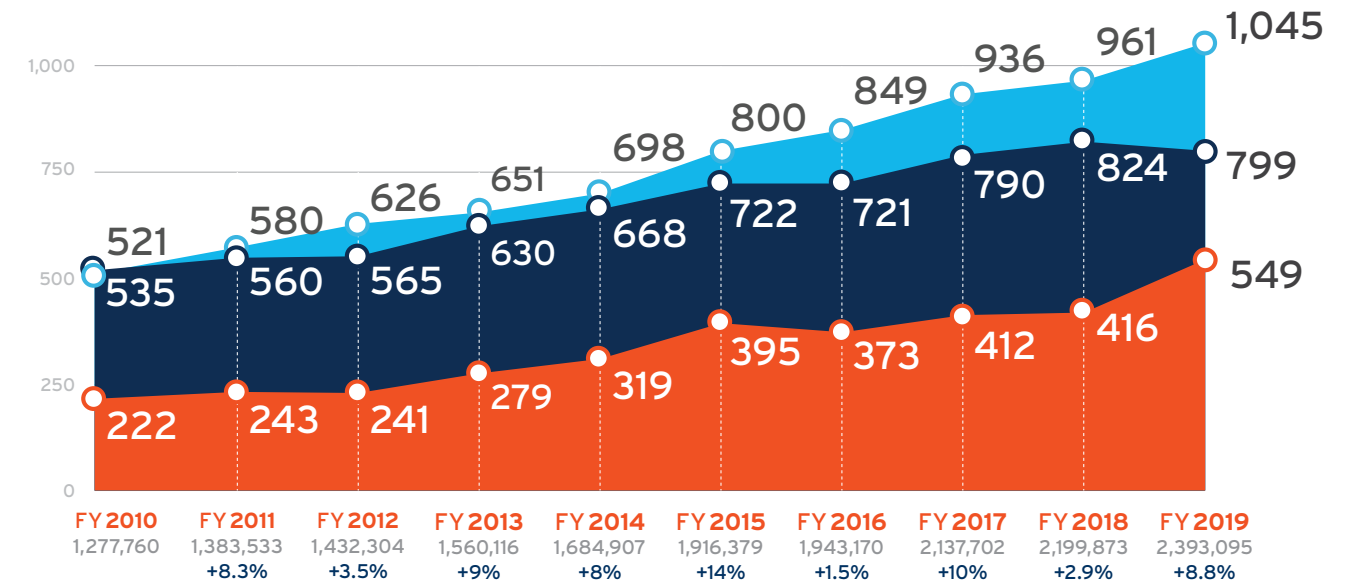
SCPA handled a record 2.39 million twenty-foot equivalent units (TEUs) in FY2019, with fiscal year-over-year growth of 8.8 percent.

ANNUAL TEU VOLUME IN THOUSANDS

IMPORTS

EXPORTS

EMPTIES



KEEPING FREIGHT MOVING

625,323

PIER TONS OF
BREAKBULK
CARGO

172,784

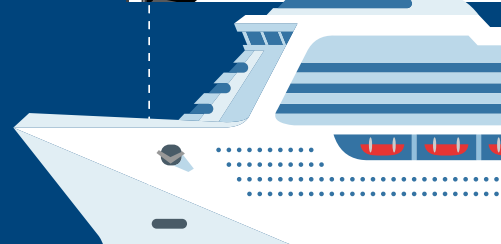
RAIL LIFTS AT
INLAND PORTS
GREER & DILLON

194,902

FINISHED
VEHICLES

213,081

CRUISE
PASSENGERS



HARBOR DEEPENING

FY2019 UPDATE

The Charleston Harbor deepening project is on track to achieve a 52-foot harbor depth in 2021. The US Army Corps of Engineers - Charleston District awarded the third dredging construction contract in 2019 for the lower portion of Charleston Harbor to Wando Welch Terminal. The 52-foot depth and wider turning basin will allow two 14,000-TEU-and-above ships to easily pass one another without tidal restrictions. The Army Corps of Engineers allocated \$41.4 million to the project for a total of \$108 million of the federal share thus far. The deepening project then achieved a major milestone in 2019 when President Donald Trump allocated \$138 million in his budget to fund the project to completion. The deeper harbor will enable SC Ports to handle the influx of mega container ships, further connecting South Carolina to global markets.



Photograph by Marion Bull

CAPITAL EXPENDITURES

\$200 MILLION INVESTMENT DURING FY2019

WANDO WELCH TERMINAL (WWT) \$90M

Over multiple years, SCPA is investing \$450M to modernize WWT. Work includes creating a new chassis yard, improving traffic patterns and buying new equipment. By the end of 2021, WWT will be equipped with 15 155-foot-tall ship-to-shore cranes and 65 rubber-tired gantry (RTG) cranes, enabling it to comfortably handle three 14,000-TEU ships simultaneously.

WWT, HQ, and RTG crane photographs by English Purcell. Aerial photography by Holy City Helicopters. Hugh Leatherman Terminal photographs by Walter Lagarenne.

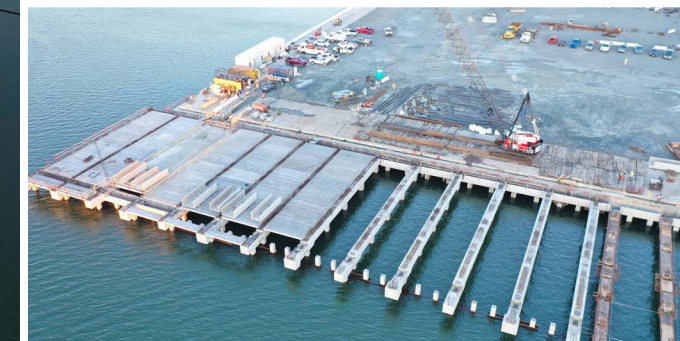


NEW SC PORTS HEADQUARTERS \$30M

SCPA's new modern office building brought together employees from five locations into one state-of-the-art facility, adjacent to Wando Welch Terminal. This multi-year project is expected to total \$44.5M.

HUGH K. LEATHERMAN, SENIOR TERMINAL (HLT) \$65M

SCPA focused on building Phase One of HLT in FY 2019, including investing \$42M in wharf construction and \$23M to construct a portion of the Port Access Road. HLT - the only permitted container terminal in the US - is on track to open in spring 2021 with a 1,400-ft wharf and five 169-foot-tall ship-to-shore cranes. Full build-out of the terminal is expected post-2030 and will double Port capacity. Phase One, including SCPA's contribution to the Port Access Road, is estimated at \$986M.



PORT AMBASSADOR PROGRAM

The Port Ambassador Program was created to increase public awareness and foster a deep understanding of the Port's key statewide initiatives, activities and strategic plans. Port Ambassadors are selected annually from nominations made by the Review and Oversight Commission of the State Ports Authority (ROCSPA), the SCPA Board of Directors, and SCPA Senior Management Team.

Port Ambassador Tiffany Santagati, EVP of Talent and Culture at Southern First Bank in Greenville, said the program gave her insight into the Port's statewide operations, emphasizing how many SC industries depend on the Port of Charleston to succeed.

"I have lived in SC my entire life, and until I participated in the Port Ambassador Program, I did not fully understand the impact the Port makes on employment and the movement of goods throughout the state. It was fascinating to see how it is all connected."

TIFFANY SANTAGATI

Since its inception in 2016, 75 ambassadors have graduated from the program. Learn more at scspa.com/port-ambassador-program.



2018-19 PORT AMBASSADORS

Ann Angermeier, John Brand III, Van Cato, Andrew Cook, Christine Crawford, Johnny Cribb, Suzanne Dickerson, Alexander Fournil, Jamey Goldin, Sara Hazzard, Angie Leidinger, Thomas Lorenzo, Bill McCarthy, Sunny Philips, Tony Pope, Buddy Pough, Brian Rauschenbach, Anne Smith Reid, Tiffany Santagati, Mark Schmidt, Steve Sydow, Tom Trouche, Marlon Walters, Tom Winslow, Jason Zacher

"SC Ports Authority's record annual volumes secure the Port of Charleston as a top 10 US container port, an important distinction as many SC industries rely on the Port to move their products to global markets. We are proud to support initiatives to increase awareness across the state, like the Port Ambassador Program, which creates a lasting network of leaders who understand our world-class Port system and its value to our state's economy."

SENATOR LARRY GROOMS

Chairman of the SC Senate Transportation Committee and the Review and Oversight Commission of the State Ports Authority (ROCSPA)

SC PORTS CULTURE

OUR BEST YEARS ARE AHEAD

We're aspiring to be the preferred Port of the top 10 US ports, and our values and our highly talented workforce will help us get there.

"I believe a business needs a definable culture to thrive. We have shaped our culture by developing our Port values, growing our workforce and moving into our new headquarters building. Our talented employees truly exemplify our Port values by putting safety and security first; being adaptable, business minded, customer focused, decisive and enthusiastic; and ultimately having faith in each other. The secret to making our Port work is the people, and I am incredibly proud of the work they do to make us the preferred port in the US."

JIM NEWSOME

President & CEO SC PORTS





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